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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 901-81

19 February 1981

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MEMORANDUM FOR: ✓ Bruce C. Clarke, Jr.
Deputy Director for National Foreign Assessment

Maurice C. Ernst
Director, Office of Economic Research

FROM: Robert M. Gates
National Intelligence Officer for USSR-EE

SUBJECT: Request for Analysis from Senate Foreign Relations Committee

1. Deputy Assistant Secretary of State Bob Barry and I briefed the Senate Foreign Relations Committee and several staff members this morning on the situation in Poland. Barry focused on Administration policy toward Poland, especially possible measures to stretch out Polish repayment of debt owed to the U.S.

2. Because the Administration apparently will need to get Congressional approval of at least some aspects of any U.S. debt relief for Poland, and there was considerable opposition to such relief from members of the Committee this morning, Ed Sanders (Committee Staff Director) asked me if we could do an analysis of what is likely to happen to the Polish economy with and without relief from Western creditors.

3. An analysis of these two alternative futures seems to me to be a worthwhile undertaking both for the Administration and for the Congress. As both branches consider options for assistance to Poland, our best judgment on how we see economic developments unfolding in Poland over the next year or so with and without debt relief would be most helpful.

4. Although the meeting in Paris of government representatives to discuss the Polish debt question is 23 February, and we presumably cannot meet the need before that session, the issue seems certain to remain a live one for some time. Accordingly, I would recommend the accelerated

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preparation of such an analysis and its publication within a week or two.
It could build on [] the likelihood of default and spin
out the economic ramifications of that for Poland over the next year or so.
It would also address the effect on the Polish economy of relief over the
same period.

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Robert M. Gates

cc: Chairman/NIC
Richard Lehman

Fred Hitz
Legislative Counsel

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